



OFFICE OF THE MAYOR

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CITY OF SCRANTON
PRESS RELEASE

FOR IMMEDIATE RELEASE

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Mayor Courtright's Press Release Regarding Update on City of Scranton Recovery Initiatives

While this week marked an incredible step forward in the City's recovery process, it also presented a new challenge that I do not doubt we will overcome. Every time my administration has faced a problem, we've faced it head on. The formula is simple: with hard work and creativity, we solve problems.

One such problem was the City's Parking Authority. Well, as one leading financial newspaper put it Wednesday, the City of Scranton has "closed the book" on the 2012 debt default that led to the costly Receivership of the Scranton Parking Authority, no doubt one of the most unfortunate events in our City's recent history. Not only will the entire parking landscape of the City be completely overhauled, modernized, cleaned up, and re-oriented towards economic development, but the City will shed an over \$3 million a year financial obligation and actually reduce current parking rates in the garages.

Another problem was the City's "persona non grata" status in the financial markets. Just a few years ago, when I came into office, the City could barely get a simple loan from a local bank, let alone get the kind of interest we got this week from some of the world's leading financial institutions, like Citibank, Goldman Sachs, and Wells Fargo. In fact, they were so interested that our bond offering to clean up the Parking Authority was 9-times oversubscribed. That means that the bonds we had available were 9-times short of what the demand was. In the past, we would have been lucky to find one interested buyer, now they are coming to us. And, our recovery initiatives have also driven interest rates well below what we were being offered at the beginning of my administration and even improving on the historically low rates of our recent judgement financing. In fact, the interest rate we just negotiated is about a third of what the last two bond series issued under the Doherty Administration were.

We do face a new challenge. With this week's recommendation by two Administrative Law Judges reviewing the proposed sale of the Scranton Sewer Authority to the Pennsylvania American Water Company, I am pleased that the Judges found no fault with two critical features of the sale: the \$195 million purchase price and the 1.9% compound annual growth rate limitation on future rates.

While I am disappointed that the Judges did not ultimately recommend approval to the Pennsylvania Public Utility Commission, at this time, due to concerns over how the "Variance Adjustment" mechanism would operate, we are optimistic that with further explanation and clarification of the proposal, the Commission will approve it.

The Variance Adjustment was intended to help ensure that rates to Scranton and Dunmore customers after the sale would remain reasonable for a considerable time period – an aim that the Judges found “laudable”. We will continue to work with the Parties to the case and the Commission to keep the transaction on schedule and obtain the authorizations needed to bring the benefits of the transaction to the Scranton and Dunmore areas.

To be clear, the Pennsylvania Public Utility Commission itself has not yet considered or reviewed the proposed sale. The Commission has an obligation to make a decision independent of the Administrative Law Judges, and routinely modifies or rejects the recommendations of the Judges.

With each passing day we continue to move forward towards our goal and meet every challenge we face. This one is no different. I am confident that this City will continue to build on its successes and add even more momentum to its recovery.

William L. Courtright
Mayor

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